

Message Text

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ACTION EB-07

INFO OCT-01 IO-11 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02

USIA-06 AGR-05 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01

AF-06 ARA-06 EA-07 EUR-12 NEA-10 SS-15 NSC-05 H-02

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TAGS: UNCTAD

SUBJECT: UNCTAD - TDB: TRADE ISSUES

SUMMARY: CONTACT GROUP NO 1 COMPLETED DISCUSSION OF TRADE PORTIONS OF MANILA DECLARATION AND PROGRAM OF ACTION, LATE FRIDAY AFTERNOON, MARCH 12. DISCUSSIONS CONSISTED ESSENTIALLY OF EXCHANGES OF WELL-KNOWN POSITIONS BETWEEN DEVELOPED (GROUP B) AND DEVELOPING COUNTRIES (G-77). NO REPEAT NO DECISIONS TAKEN AS TO RESULTS OF CONTACT GROUP'S WORK. END SUMMARY.

1. AT URGENT REQUEST OF GROUP B, CONTACT GROUP NO 1 DID NOT MEET UNTIL WEDNESDAY AFTERNOON (MARCH 10) AND BEGAN DISCUSSIONS ON AGENDA ITEM 2B (MANUFACTURES AND SEMI-MANUFACTURES); THIS ALLOWED GROUP B COMMODITY EXPERTS TO CONTINUE TO MEET PRIVATELY. G-77 SPOKESMAN OPENED DISCUSSION BY INTRODUCING SECTION II OF MANILA ACTION

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PROGRAM, AND ASKING FOR OTHER GROUPS' REACTIONS, ASKING

FOR RESPONSES THAT WOULD BE GLOBAL AND PRECISE. GROUP B SPOKESMAN (MONTGOMERY OF CANADA) INQUIRED ABOUT STATUS OF OTHER DOCUMENTS, ESPECIALLY SECRETARIAT'S PAPER ON COMPREHENSIVE STRATEGY FOR LDC MANUFACTURED EXPORTS (TD/185) AND ITS RELATION TO MANILA PAPERS. LONG WRANGLE THEREAFTER MADE CLEAR THAT G-77, ALTHOUGH OFFICIALLY SUPPORTING SECRETARIAT DOCUMENT, DOES NOT REPEAT NOT GIVE MUCH IMPORTANCE TO LONG-RANGE SECRETARIAT STRATEGY. G-77 INSISTED THAT CONTACT GROUP MAKE PARAGRAPH-BY-PARAGRAPH REVIEW OF MANILA DOCUMENT. GROUP B ACQUIESCED TO THIS PROCEDURE, ALTHOUGH MAKING CLEAR THAT IT CONSIDERS MANILA PAPER TO BE ONLY ONE AMONG OTHER DOCUMENTS SERVING AS BASIS FOR WORK AT NAIROBI. GROUP B SPOKESMAN ALSO EMPHASIZED THAT COUNTRIES HAVE NOT RPT NOT YET FORMED THEIR FINAL POSITIONS ON THE MANILA DOCUMENT AND DO NOT RPT NOT HAVE CONCRETE PROPOSALS; GROUP B CONSEQUENTLY LOOKS UPON THIS TDB AS OPPORTUNITY FOR CLARIFICATION OF THINKING ON ALL SIDES SO AS TO IMPROVE PREPARATIONS FOR NAIROBI.

2. GROUP B COMMENTED ON INDIVIDUAL PARAGRAPHS OF SECTIONS TWO AND THREE (MANUFACTURES AND SEMI-MANUFACTURES, AND MULTILATERAL TRADE NEGOTIATIONS) OF MANILA DOCUMENTS BY RESTATING PREVIOUS WELL-KNOWN POSITIONS, E.G., ACCLAIMING ROLE OF GSP BUT STRESSING ITS NON-CONTRACTUAL NATURE, REJECTING BINDING OF PREFERENTIAL MARGINS AND COMPENSATION FOR EROSION OF GSP, NOTING GROUP B WILLINGNESS TO CONSIDER SPECIAL TREATMENT OF LDCS IN MTN "TO THE EXTENT FEASIBLE AND APPROPRIATE" ETC. SPOKESMAN REPEATEDLY NOTED GROUP B WILLINGNESS TO DISCUSS LDC DEMANDS IN APPROPRIATE FORUMS, AT THE SAME TIME POINTING TO TOKYO DECLARATION AND RESOLUTION 3362 OF UNGA SEVENTH SPECIAL SESSION AS EXPRESSIONS OF GROUP B POSITIONS. SPOKESMAN ALSO EXPRESSED CONCERN THAT UNCTAD NOT TAKE ACTIONS THAT WOULD DISRUPT OR INHIBIT MTN IN ANY WAY. REGARDING REFERENCES TO RESTRICTIONS IN US SCHEME AND POLITICAL COERCION IN GSP (PARAGRAPHS IAI AND IG IN SECTION TWO OF MANILA ACTION PROGRAM), WHICH WAS RAISED ONLY BY ECUADOR, GROUP B SPOKESMAN SAID THAT POLITICAL ISSUES ARE NOT RPT NOT APPROPRIATELY ADDRESSED IN UNCTAD AND REITERATED FIRM GROUP B REJECTION OF STATEMENTS LIMITED OFFICIAL USE

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DIRECTED EXCLUSIVELY TO ONE MEMBER.

3. G-77 STATEMENTS ON TRADE QUESTIONS ALSO LARGELY RESTATEMENTS OF THEIR PREVIOUS POSITIONS, ABLY EXPRESSED BY CHADHA OF INDIA. MOST INTERESTING COMMENTS WERE A) CHADHA'S RE-AFFIRMATION OF G-77 COMMITMENT TO TOKYO DECLARATION BUT COUPLED WITH HIS INTERPRETATION OF TOKYO DECLARATION'S STATEMENTS REGARDING MAINTENANCE OF GSP AND ADDITIONAL BENEFITS

FOR LDCS TO MEAN COMPENSATION FOR EROSION OF GSP, B) ECUADOR'S DISAPPOINTMENT WITH PROGRESS IN TROPICAL PRODUCTS WHICH, ALTHOUGH ACHIEVING PRIORITY IN TIME, HAS ONLY VERY LIMITED SUBSTANTIVE SCOPE, AND IN WHICH CERTAIN COUNTRIES ARE ASKING FOR "ANTICIPATED RECIPROCITY" FOR "NON-OFFERS", C) CHADHA'S EMPHASIS ON VERY GREAT IMPORTANCE OF FUNDAMENTAL CHANGES IN INSTITUTIONAL STRUCTURES FOR TRADE, AND D) CHADHA'S COMPLAINT THAT UNCTAD/MTN RELATIONS ARE TOO AD HOC (E.G., UNCTAD OFFICIALS ARE NOT PROVIDED EVEN ROUTING GATT DOCUMENTATION UNTIL AFTER MEETINGS ARE ALREADY CONVENED) AND HIS REQUEST FOR SECRETARIAT REPORT THEREON.) FOR DISCUSSION OF TEXTILE PROBLEM, SEE SEPTEL.

4. SECTIONS ON RESTRICTIVE BUSINESS PRACTICES, TRANSNATIONAL CORPORATIONS, EXPORT AND INDUSTRIAL FINANCING, AND INDUSTRIAL RESTRUCTURING (ITEMS II, III, IV AND V OF SECTION TWO OF MANILA ACTION PROGRAM) WERE TREATED MORE QUICKLY AND BROADLY THAN MARKET ACCESS (ITEM I OF SECTION TWO) AND MULTILATERAL TRADE NEGOTIATIONS (SECTION THREE). MAJOR POINTS OF DISCUSSIONS WERE AS FOLLOWS: ON RESTRICTIVE BUSINESS PRACTICES, G-77 STATED THAT RECENTLY- CONCLUDED EXPERT GROUP WENT FURTHER THAN MANILA DOCUMENT. GROUP B RESPONDED THAT, ALTHOUGH THERE HAD INDEED BEEN CONSIDERABLE PROGRESS BY THE EXPERT GROUP, THERE HAD ALSO BEEN SOME CLEAR DIFFERENCES OF VIEW AND THE EXPERTS DID NOT REPEAT NOT MAKE ANY RECOMMENDATIONS REGARDING HOW FUTURE WORK SHOULD PROCEED. ON TRANSNATIONAL CORPORATIONS, GROUP B NOTED THE DANGER OF CONFLICT WITH OR DUPLICATION OF WORK OF UN COMMISSION ON TNCS. ON INDUSTRIAL FINANCE GROUP NOTED THAT INSTITUTIONS ALREADY EXIST IN THIS AREA, AND REITERATED PREVIOUS GROUP B POSITION ON EXPORT REFINANCING FACILITIES....

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ON INDUSTRIAL RESTRUCTURING, IN RESPONSE TO GROUP B'S INQUIRY FOR CLARIFICATION OF NOTION OF "GUIDELINES", G-77 STATED THEY WERE NOT RPT NOT SEEKING TO CLOSE DOWN AND TRANSFER EXISTING DC INDUSTRIES BUT WANTED MECHANISMS FOR CONSULTATIONS TO ENSURE BETTER DISTRIBUTION OF NEW INDUSTRIAL CAPACITIES.

5. GROUP D (SOCIALIST COUNTRIES OF EASTERN EUROPE) TOOK LIMITED PART IN DISCUSSIONS. ITS CLAIMS AS TO THE UNRESTRICTED NATURE OF ITS GSP AND OTHER TRADE WITH LDCS WENT UNCHALLENGED BY THE G-77. (INDEED, WHEN ASKED BY GROUP D TO EXPLAIN PARAGRAPH 1D OF SECTION TWO REGARDING GSP LINK TO BILATERAL CONTRACTS, G-77 WAS UNABLE TO FIND ANY EXAMPLES AND DID NOT PURSUE ITS DEMANDS IN THIS PARAGRAPH OF THE MANILA DOCUMENT). GROUP D TOOK OPPORTUNITY

OF DISCUSSIONS ON RESTRICTIVE BUSINESS PRACTICES AND TRANSNATIONAL CORPORATIONS TO EXPOUND USUAL LINE ABOUT NEED FOR LDC CONTROL AND/OR NATIONALIZATION OF FOREIGN INVESTMENT. IN INDUSTRIAL RESTRUCTURING, GROUP D STRESSED ITS WILLINGNESS TO STRENGTHEN ITS INDUSTRIAL COLLABORATION ARRANGEMENTS WITH LDCS, AT WHICH POINT CHINA MADE USUAL ATTACK ON THE TWO SUPER-POWERS. IN DISCUSSION OF MTN, POLAND STRESSED NEED FOR OPENNESS AND NON-DISCRIMINATION, ALTHOUGH NOTING THAT NOT RPT NOT ALL GROUP D MEMBERS ARE PARTICIPANTS.

6. GROUP B COORDINATION REGARDING COMMENTARY ON MANILA TEXT HAS BEEN VERY GOOD TO DATE. SPOKEMAN HAS BEEN VIRTUALLY ONLY SPEAKER FROM GROUP B, WITH ONLY IMPORTANT EXCEPTION BEING EC STATEMENT POINTING TO COMMUNITY'S DECISION TO PROLONG ITS GSP, WHILE MAKING CLEAR ITS OBJECTIONS TO PERMANENCE OF GSP.

7. WHAT RESULT THESE DISCUSSIONS WILL HAVE IS STILL UNCLEAR. SEVERAL G-77 SPEAKERS HAVE EXPRESSED IMPATIENCE WITH GENERALITIES, AND ASKED FOR MORE SUBSTANTIVE REACTIONS OR COUNTERPROPOSALS. BOTH GROUPS B AND D HAVE STATED THEY ARE NOT PREPARED TO NEGOTIATE WORKING OF RESOLUTIONS OR REDRAFTING OF MANILA DOCUMENTS AT THIS TDB. CHAIRMAN OF CONTACT GROUP (GARRIDO OF MEXICO) HAS SPOKEN PUBLICLY OF NEED TO NEGOTIATE REPORT

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FROM CONTACT GROUP TO TDB CHAIRMAN. GARRIDO HAS BEEN UNUSUALLY CAUTIOUS IN PRIVATE CONTACTS WITH US DEL BUT HAS IMPLIED THAT HE WOULD LIKE TO HAVE SOME INDICATION IN CONTACT GROUP REPORT OF WHICH PARAGRAPHS OF MANILA DECLARATION AND ACTION PROGRAM WERE ACCEPTABLE AND WHICH WERE NOT. CONTACT GROUP IS SCHEDULED TO DISCUSS NATURE OF ITS REPORT ON TUESDAY AFTERNOON, MARCH 16. DALE

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